

11TH ANNUAL GENERAL MEETING OF SAFARICOM INVESTMENT CO-OPERATIVE LIMITED HELD AT 10.10 AM ON 8TH FEBRUARY 2020 AT PRIDE INN HOTELS, WESTLANDS ROAD, NAIROBI

Having achieved quorum, the meeting was called to order at 10.00 AM by the MC of the day Mackrine Abukah, a member of the Central Management Committee. Mercy Gakonyo, the Operations Manager gave the opening prayer.

CENTRAL MANAGEMENT COMMITTEE, SUPERVISORY COMMITTEE AND MANAGEMENT MEMBERS PRESENT

Central Management Committee

1. Peter Gichangi- Chairman
2. Rosemary Chege- Treasurer
3. Rebecca Bisanju- Hon. Secretary
4. Mackrine Abukah- Member
5. Eng. Emily Kilongi- Member
6. Edward Njoroge- Member
7. Tom Macakiage- Member

Absent with Apology

1. Agnes Marete- Vice chair

Supervisory Committee & Management

1. Peter Mukera- Chairman
2. CPA Judy Runo- Secretary
3. CPA Beth Henry- Member
4. Humphrey Njeru- C.E.O

Guests in Attendance

1. Dophine Aremo- County Director, Co-operatives department
2. George Mwangi Njoroge- Co-operative Officer
3. Catherine Wambua- Co-operative Officer

The MC of the day, Committee Member Mackrine Abukah took the members through the proposed agenda for the day and sought for its adoption. The Agenda was outlined as below:

1. Confirmation of the 2018 Annual General Meeting Minutes
2. Report from the Chairperson
3. Report from the Supervisory Committee
4. Presentation of the 2019 Audited Financial Statements
5. Report from the Treasurer
6. Presentation of the year 2019 & 2020 budget
7. Guest speeches
8. Resolution and Appointment of Auditors
9. Elections
10. Any other Business (A.O.B.)

Proposed by: Michael Borino Member 609

Seconded by: Belsheba Nyabwa Member 80

Minute 1: Confirmation of the 2018 Annual General Meeting Minutes

The Hon. Secretary mentioned that the minutes from the previous AGM had been shared via email prior to the AGM and sought for any matters arising from the minutes. There being no matters arising, the minutes were adopted as such.

Minute 2: Report from the Chairman

The Chairman presented his report and below are the highlights:

Macro-Economic Environment

- i. Real estate sector performance suffered in 2019 due various issues, including but not limited to:
 - Changes in land processes by government
 - Rising cost of doing business
 - Reduced liquidity in the market
- ii. Global adoption of IFRS 15 reporting standard (January 2018)
- iii. Tremendous increase in real estate inflation moving

- 3.12% in 2017
- 12.78% in 2018 with the same trend continuing into 2019

Besides the above, he mentioned that Kenya remains among the top 20 countries in construction sector growth

The focus in 2019 was:

- i. New business lines
- ii. Ibuka program
- iii. Performance based evaluation, review of the employee performance program to help improve on performance efficiency
- iv. Review of internal processes and policies
- v. Business Operations
 - Heavy cash outflows- Kes100M sales refunds and Kes375M rebates payout
 - SIC therefore had to look for financing, and because of the credit regime that was there in 2019, it took about 4 months to get the credit requests approved by financiers and about another 3 months to draw down the credit. This impacted negatively as the acquisition of the projects was pretty slow
 - IFRS 15 standards
- vi. Other Operations
 - 1 board member resignation
 - 1 board member co-option

Strategic Risk

<i>Strategic Risk</i>	<i>Impact on Organization</i>	<i>Activity Undertaken</i>
<i>i. Historical land issues</i>	<ul style="list-style-type: none"> • Negative reputation • Buyer apathy 	<ul style="list-style-type: none"> • Project by project closure by a special management task force
<i>ii. Slow title issuance</i>	<ul style="list-style-type: none"> • Negative reputation • Buyer apathy 	<ul style="list-style-type: none"> • Process enhancement to enable quick title processing • Purchase of projects with ready titles • Sale of projects only when titles are ready
<i>iii. Governance structures and processes</i>	<ul style="list-style-type: none"> • Project risk • Financial risk 	<ul style="list-style-type: none"> • Updated policies (enhanced due diligence)

iv. <i>Low regulatory compliance</i>	<ul style="list-style-type: none"> • Sanctions • Penalties 	<ul style="list-style-type: none"> • Adopted IFRS 15 (1 year late) • Created Supervisory Charter
v. <i>Debtors portfolio</i>	<ul style="list-style-type: none"> • Reduced cash flows 	<ul style="list-style-type: none"> • Takeover by a commercial bank • Cash sales initiatives • Timely title issuance

Strategic Focus in 2020 What next?

- Continued diversification - new business lines like agency selling & Zaria Joint venture project which is already in place
- SIC enrolled into the Ibuka program, NSE incubation program to help us with the movement of shares in the secondary market and leverage on capacity building as well as shaping the organization. This is a medium term project
- ISO Certification for SIC
- SIC brand image and reputation
- Historical land issues, customer satisfaction and IFRS compliance
- Business systems upgrades
- Capacity building - investing in staff and board members to help in boosting productivity in performance
- Share split- Proposal in share split (to be mentioned in resolutions)
- Land stock Review-Review of land stock to accelerate the movement of long term historical land projects. SIC has 120 projects in total acquired since inception of business, however only 24 projects are completed and closed. As CMC there is a lot of focus to ensure that we close all the projects that we have since acquired. Also, CMC is committed to start selling projects with ready titles to help enhance the image and trust
- Debtors portfolio- we are at an advanced stage with a commercial bank to pick up part of the debt from the SIC

Proposed by: Jackson Mulwa Member 410

Seconded by: Dr. Shadrack Gatu Member 1655

Minute 3: Report from the Supervisory Committee

The report was presented by Peter Mukera the chair of the Supervisory Committee. He read the Supervisory Committee Report as it was on page 16 and 17 of the Annual Report & Financial Statement of 2019 verbatim.

He thanked the Board and the SIC staff and the Cooperative Department Officials for their support.

Proposed by: Sally Mwenesi Member 253
Secunder: Elizabeth Kyengo Member 2711

Minute 4: Report from the Treasurer, Presentation of the 2019 Audited Financial Statements & Independent Auditors Report

Highlights from the treasurer's report:

Macro-Economic Environment- Our top line continued to be under pressure, arising from unfavourable macro-economic factors:

- Decline in real estate output over the last 2 years – 4.1% in 2018, 6.1% in 2017
- Industrial growth at 5.6% in 2018 down from 10.6% in 2017
- High Real Estate inflation from 3.12 in 2017 to 12.78% in 2018, continuing into 2019.
- Shrinkage in the consumer wallet, decline in consumers' disposable income
- Reduced investment in real estate.
- Slow-down of real estate industrial growth
- Lower sales and industry contraction

Regulatory Environment – IFRS Implementation

- Adoption of IFRS 15 reporting standard
- Impact: Deferral of Kes217.8m of revenue generated in 2019

Other Highlights

- Revenue: KES. 55.9M revenue reported in 2019 (21.3% of budgeted revenues). This is following adoption of the IFRS 15 reporting standard in addition to facing various operating environment challenges highlighted above (KES 217.8M of generated revenue deferred to future periods).
- Operating costs: Underlying costs at 14.7% lower than budget, and 8.9% YoY decline. The 4.8% growth is due to one-off costs relating to Juja titles processing.
- Healthy balance sheet, total assets growing at 8.7% YoY to 4.3B up from 3.9B reported in 2018, driven by increase in land stock.
- Share Capital at KES. 2.5B, same level as 2018, since no new primary shares were issued in 2019.
- Membership at 4,538, a 4.4% growth to 2018. We continue robust marketing and member drive activities across our touchpoints in the country.

Share Trading

- Low activity in the secondary share trading market.
- Increase in the number of shares floated at the beginning of the year, with low trading, with a resultant high closing balance on floated shares.
- Efforts to re-invigorate the share market by re-directing monthly contributions towards secondary share purchases bore minimal fruit.

Membership and Member contributions

- 4,538 members - 4,307 individual members, 231 Investment Groups.
- Total issued shares at 8.094 million.
- Our by-laws stipulate a minimum Kes3,000 monthly contributions per member.
- 23% of members in compliance
- 52% of members not compliant in the last 12 months.
- Amounts owing at Kes103.9m
- This has had an impact on cash flows to support business operations

Interest Earning Deposit

- Introduced in February 2018, aimed at injecting additional funding to support business operations.
- Funds accumulated up to 31st December 2019 at KES. 65M.
- Fund matures on 24th February 2020.
- Available for payment or roll over from 6th March 2020.

Financial System Upgrade

- Benefit: Increased scalability and efficiency of service delivery to members and customers, as well as have full automation of all our processes end-to-end.
- Implementation partners engaged.
- Target go-live 30th June 2020.

Long outstanding Titles

- Proactively focusing on long outstanding projects that have had challenges in issuance of titles
- Juja 1 & 2 titles in process, 47 titles ready for collection.

- Impacting our financials due to title processing fees, unpaid land rates and rent running over multiple years.
- Kes18m of the costs covered in 2019. An estimated Kes100m additional spend included in the year 2020 budget (for approval).
- Resolution of these issues will improve customer sentiments and support improved business performance.

Ibuka Program

- Aligned to our Strategic Plan and gearing up towards growth into the future
- An induction programme by the Nairobi Securities Exchange. Its benefits are as below:
 - i. Enhanced brand recognition
 - ii. Increased business opportunities
 - iii. Support in streamlining our day-to-day business operations
 - iv. Increased awareness amongst potential customers
 - v. Generate more business opportunities for SIC.

2020 Outlook

- Diversification from real estate to mitigate against industry slowdown, and the negative impact of IFRS 15.
- Prudent cost management to further assure sustainability of our business.
- Return to profitability after transitioning to IFRS 15.

Highlights from the **Annual Report and Financial Statements for the Year ended 31st December 2019**

Commentary on Statement of Comprehensive Income

- i. *Interest Income:* YoY decline due to liquidation of all FDs in June, for funding our investment ventures & Removal of TP program in 2018
- ii. *Operating Income:* IFRS 15 impact. 89% of the total operating income earned in 2019 (KES218M) deferred to future years.
- iii. *Other Income:* Lower income from membership and withdrawals
- iv. *Costs:* Underlying costs at 14.7% lower than budget, 8.9% YoY decline in underlying costs. The 4.8% growth is due to one-off costs relating to Juja title processing

Commentary on Statement of Financial Position

- i. 8.9% assets growth from increased land stocks

Proposed by: Johnstone Kamunde Member 639

Seconded by: Mike Odera Member 4375

Independent Auditors Report was presented by CPA Andrew Bulemi from Mbaya & Associates.

- He read the report on page 20 to 21 of the Annual Report & Financial Statement and confirmed the Financial Statements of 2019 that had been presented by Rosemary Chege the treasurer to be the true and transparent according to Mbaya and Associates.
- He confirmed that the report he gave was independent and that the firm had based their opinion on the internal standard of auditing.

Key audit matters were:

- Income from projects
- project receivables
- project withdrawals

<i>Questions and Reactions by Investors to: Chairman’s Report, Treasurer’s Report and Presentation of the 2019 Audited Financial Statements & Independent Auditors Report</i>	<i>Responses(by various Management Committee Members)</i>
<p><u>Dr. Harry Osore MMBR04748:</u> SIC should diversify more. SIC should look into Kenta Mortgagers Refinancing for affordable housing.</p> <p><u>Vincent Opiyo MMBR00246:</u> How long should members wait to see benefits of all that has been proposed? Suggestions: SIC should go into agribusiness Is the current business model being used the best? Land: How to unlock the cash?</p>	<p><u>Emily Kilongi</u> <i>On affordable housing:</i> The chairperson of Real Estate Committee gave a brief summary of what they did in 2019 in terms of real estate and the number for agenda. They researched on what affordable housing meant and what it entailed. Identified Kiserian land with good infrastructure. Feasibility study came out positive. Looking at suitability. SIC should have budgeted on it. Assured members that SIC is keen on participating in affordable housing.</p> <p><u>Tom Macakiage</u> <i>On Diversification:</i> 95% of revenue comes from land. SIC is looking into different ways of generating revenue in an effort to diversify. However, partners are not up</p>

<p>Funding for affordable housing for members. Revisit the bad land bought. Audit the lands and people behind it. IFRS15: What is the assessment of impact of such standards?</p> <p><u>Edwin Wasike MMBR00074</u> Asset allocation Policy. Is there one? Interest Rate Cap. Did SIC do something about this? Pg. 27: Too much money has been poured into land.</p> <p><u>Dr Shadrack Katuu MMBR01655</u> Needed clarification on ERP system. ERP and Customer Relation System have been allocated 25M. Is this enough money for this system? Customers are not happy. Customer satisfaction is very low.</p> <p><u>George Silo MMBR03389</u> SIC should look to ICT and Technology as a form of investment. SIC should diversify.</p> <p><u>Joel Amuyunzu MMBR04579</u> Page 33- Juja Rates of 18 million. Where do these rates come from? Page 36 – There is no appreciation of JUJA 1 Note 17 – What of the depreciation of Athi River Housing</p> <p><u>Murugi Ndirangu MMBR02011</u> Customer service should be better. There are a lot of unhappy customers. Land in Juja is not beaconed.</p>	<p>to the mark therefore, SIC pulled the plug and coming up with new projects that is Zaria. Zaria is a joint project of 120 acres. SIC provided money for infrastructure and sale. SIC's contribution was 438 million. Zaria's total value is 2 billion.</p> <p>Other projects that SIC is looking to diversify: Energy Healthcare Financial services</p> <p><u>Rosemary Chege</u> <i>On Financials:</i> <i>-Land in Stock</i> KES 1.2 billion a mix of active lands and lands with issues. Being dealt with legally. SIC will resolve the issue of unsaleable land <i>-Agribusiness venture</i> This did not go so well. Disposal of infrastructure under agribusiness. Expertise is needed.</p> <p><u>Peter Gichangi</u> <i>On receivables:</i> He posed the question of budget item to spend KES 100M to unlock trade receivables and movement to land to saleable stock. <i>On affordable housing:</i> SIC is an investment cooperative and not a deposit taking group therefore cannot get involved in Kenya Mortgagers Refinancing. <i>On land stock:</i> A decision was made to review land and come up with clear action by a special task force between the Board and the management. <i>On bad land:</i> If there was any impropriety, a resolve was made to deal with it accordingly. <i>On IFRS15:</i></p>
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<p><u>Dr Shadrack Katuu MMBR01655</u> SIC should invest more in Diaspora members' satisfaction</p> <p><u>Winifred Waweru MMBR02725</u> IFRS15 – Please explain this accounting standard in lay terms There should be a provision for receivables under the Financial Statements Suggested that SIC should organize to go between those who want to sell their land and those who want to buy within SIC</p> <p><u>Jane Nyambura MMBR02441</u> Explain Financial Statement in layman terms. There needs to be accountability for bad projects bought. Clear and detailed reports on projects and financial reports are needed Asked for a breakdown on issues SIC is handling Also asked that group grievances be hard. That SIC should organize a day for groups</p> <p><u>Betty Halla MMBR01748</u> Asked about the title deeds for Kanamai. Also asked why members are not making monthly contributions.</p> <p><u>John Mbogo MMBR02942</u> SIC needs to strategize and reduce cost of operations. Capacity building is an unnecessary budget. There should be cost cutting implementations. SIC should update members on monthly contributions</p> <p><u>Edward Muchahi MMBR01966</u></p>	<p>He acknowledged that SIC should have taken steps to update members on the IFRS15 impact and implication. He thanked MMBR0074 for putting SIC to task on Asset Policy Allocation Policy. <i>On the ERP system asked by MMBR01655:</i> The ERP has a CRM component. Implementation will start on cloud first therefore not much money will be needed. The expectation is to be done within the year. <u>Edward Njoroge:</u> <i>On land:</i> Money is stuck in land. The proposal is that the members allow an additional budget to unlock money stuck in land to be used in other projects. <u>Rosemary Chege:</u> <i>On Asset Allocation Policy:</i> This has been noted for action. Hopefully it will be in place by the next AGM. <i>On Stock growth:</i> She assured members that stock is growing. <i>On Land Acquisition Policy</i> SIC is working on only acquiring land with ready titles or almost ready titles to avoid delays. As for the land held for investment, SIC is dealing with this and reallocation is being done.</p> <p><u>Peter Mukera</u> On diversifying to ICT and Technology, Peter Mukera assured members that SIC is taking steps to get involved. <u>Rosemary Chege</u> <i>On land being the same value and others depreciating:</i></p>
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<p>Need a clarification on the Ballast mining projects and other such projects</p> <p><u>Juanita Omanga MMBR03359</u> SIC should improve Customer care service. The joining fee of KES 20,000 is too expensive SIC should invest in ICT Secondary trading is not taking up well</p> <p><u>Francis Kivuti MMBR01027</u> Asked for the projected growth for financial year 2020 How much was borrowed in the year 2019 and 2020? Wanted to be shown the allocation of the money</p> <p><u>Maria Simiyu MMBR00825</u> People who bought the problem land should be involved in any process regarding the respective land</p> <p><u>Johnstone Kamunde MMBR0639</u> There should be full disclosure on auditing and books.</p> <p><u>Elizabeth Mburu MMBR00630</u> There should be a clear land acquisition and disposal process. There should be a task force in place to deal with historical issues.</p> <p><u>Kamau Waithaka MMBR03087</u> He asked about rebates. He also emphasized on customer satisfaction being a priority Outstanding land issues should be resolved as soon as possible Are the land rent and rates being paid?</p>	<p>All of SIC's land is as per book value. No revaluation has been done therefore land is held at purchase price.</p> <p><u>Peter Gichangi</u> The ERP is expected to be running by June 2020 while the IBUKA program is expected to be running by December 2020. Will ensure they put timelines on such projects and the expectations next time.</p> <p><u>Judy Runo</u> <i>On IFRS15:</i> Sellers have to bring products with lower repayments to recognize revenue. SIC must change model and products for compliance of IFRS15.</p> <p><u>Emily Kilongi</u> There is a register for all lands. SIC has this in the office to track current status for each project. SIC is definitely following up on historical injustices.</p> <p><i>On groups:</i> Member forums are usually held quarterly.</p> <p><i>On Kanamai:</i> There is an information desk at the back, kindly follow up with the project officers.</p> <p><u>Peter Gichangi</u> <i>On diaspora members-</i> He assured the members that the diaspora members will be engaged more. He mentioned that the provisions for receivables are against actual physical collateral. He also assured members that SIC would look into selling property on behalf of members who wanted to sell. On avoiding losses incurred, he pledged that SIC would be meticulous in handover of Titles, for example, JUJA. He stated that the land rent and rates paid by SIC for the past decade could have been avoided.</p>
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<p><u>Pamoja Group MMBR01893</u> On the budget: How can SIC achieve even 80%?</p> <p><u>Geoffrey Meta MMBR00418</u> SIC is gaining few members and losing many. What is being done about this? Proposal: Comprehensive report from independent auditing team before realizing the KES 100M for land issues.</p> <p><u>Humphrey Mwangi MMBR04941</u> Under the capital budget, instead of spending money on double cabins and sales vans and the financial system, streamline the current system first.</p> <p><u>Dickson Kabugu MMBR04984</u> SIC should publicize agents on SIC website to ensure better diaspora engagement online and service delivery.</p>	<p><u>Rosemary Chege:</u> <i>For MMBR02942:</i> Operational costs are lower. SIC is managing operational costs. <i>For MMBR01027:</i> The projected growth shall be presented soon for the year 2020.</p> <p><u>Tom Macakiage:</u> <i>MMBR01966:</i> The ballast mining project will begin on April 2020. <i>MMBR03359:</i> On technological investment, SIC is actively looking into such projects to get involved in.</p> <p><u>Rosemary Chege:</u> <i>MMBR01027:</i> On borrowing, SIC currently has KES 455M under Pepea and KES 65M under the Interest Earning Deposit Fund. Commercial Bank has been engaged. KES 600M is under review for financing.</p> <p><u>Emily Kilongi</u> <i>MMBR01027:</i> 18 projects with historical issues are being dealt with. 6 projects are already underway. The 100M in the budget is for resolving these issues. The rest with issues are not due to things out of SIC's control, that is, KRA and the County government.</p> <p><u>Peter Gichangi</u> <i>MMBR02942:</i> On contribution by members, SIC will endeavor to update members to contribute in time. He also urged members to share with SIC any opportunities they have.</p> <p><u>Rosemary Chege:</u> Accruals and provisions will be reviewed.</p>
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	<p><u>Peter Gichangi:</u> Customer satisfaction will be handled properly. The ministry support is on the task force aforementioned. The organization is healthy. There are a few issues that hit the company but once these issues have been sorted, the company will be great.</p> <p><u>Rosemary Chege:</u> SIC is invigorating the secondary share market. Out of 764 members, 68% have partially floated shares while 30% have floated shares for exiting.</p> <p><i>MMBR01893:</i> On spend vs income: the business is based purely on assumptions. The budget is looked at bottoms up.</p> <p><i>MMBR04941</i> KES 6 M is a budget for the double cabin plus the work on the car. The value for money is considered within this figure. The actual spend will be prudently done.</p> <p><u>Emily Kilongi</u> There is no cause for worry for unresolved projects. Some clients have not met their obligation delaying close of project.</p> <p><u>Peter Gichangi</u> <i>MMBR04984</i> There will be recruitment of agents to engage the diaspora members.</p>
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Minute 5: Guest Speeches

Madam Aremo the chief guest acknowledged the presence of her colleagues Mr. George Njoroge and Madam Catherine Wambua. She then addressed the AGM, find the highlights below:

- She applauded SIC for holding its AGM in very good time and mentioned that SIC was the 2nd in the Dagoretti sub county to hold its AGM
- She mentioned that as a department of Co-operatives, their role is to promote growth of co-operatives
- Mwalimu National Sacco is the largest in terms of asset growth currently at 52B, among others like Police and Harambee Sacco. She noted SIC is one of the investments with a big asset base.

- She encouraged CMC to take care of the funds of the investment and embrace good corporate governance to avoid being caught by the arm of law.
- She mentioned the new standard of reporting accounts like IFRS 15 which SIC has adopted are some of the emerging challenges in the course of doing business and that as SIC we should work on ways to ensure that our performance remains on track regardless of the challenges encountered along the way.
- Development of the coop movement policy: there is work in progress in developing a framework that will clarify the role of the co-operative department at the National and County level
- All cooperatives will be regulated by SASRA
- On member contribution, she mentioned that CMC should enforce member contribution and increase the percentage of member contribution from the current 23% as it is detailed in the Treasurer’s report
- Madam encouraged the CMC to ensure the society has a policy to address member dormancy
- She touched on the Big 4 agenda and said that a cooperative like ours should be actively involved into affordable housing
- She made a well wish to the members were vying into CMC and Supervisory Committee
- She congratulated SIC for carrying out its elections digitally

Minute 6: Presentation of the year 2020 and 2021 Budget

The treasurer presented the budget 2020 and 2021 budget based to the assumptions below:

<i>Item</i>	<i>Detail</i>	<i>Assumptions</i>
<i>REVENUES</i>	<i>Housing</i>	•Focus on clearing existing stock (35 units)
		•Acquire approximately 120 affordable units out of which 30% will be sold in 2020
	<i>Land</i>	•Existing stock to support revenue generation
		•Acquire new stock worth 2B
		•25% recognition rate
	<i>New Business</i>	•45% of Zaria income to be delivered
		•Other identified areas including Kokoto (Ballast), Energy, Medical and other ventures to commence between Q1 & Q2
	<i>Other Income</i>	•Continued membership recruitment, with special focus on Diaspora. Kenyan diaspora Alliance to support
		•Rental income & share trading
<i>COSTS</i>	<i>Admin</i>	•Increased software maintenance and cyber security monthly costs

<i>Item</i>	<i>Detail</i>	<i>Assumptions</i>
	<i>Personnel</i>	•Leadership training for managers & staff training for capacity building and ready for future organization
	<i>Financial costs:</i>	•16m for Interest on Interest Earning Deposit Fund, with anticipated fund growth
	<i>Governance</i>	•Inclusion of Supervisory Audit budget & committee training
	<i>Depreciation</i>	•Assets increase – New ERP system and Vehicles.
	<i>One off costs</i>	•Kes 100m provision for long outstanding land issues – Juja finalization, Kimuka and other projects.
	<i>Business Development</i>	•Increased R&D on all proposed new business ventures. Aggressive marketing and publicity campaigns in both local and diaspora markets.
<i>2021 Budget</i>		•25% revenue growth
		•10% cost growth, to take care of inflation and business growth

Find highlights from the CAPEX budget below:

<i>Item</i>	<i>Estimated Cost (KES '000)</i>	<i>Justification</i>
<i>New Laptops</i>	640	8 replacement/New laptops
<i>Double Cabin</i>	6,000	Pick up to be replaced post-accident
<i>Sales Van</i>	6,000	Mombasa Van to be replaced with a more efficient vehicle
<i>ERP Financial System</i>	25,200	Kes 18.5m approved last year. An additional Kes6.7m based on the actual project costs. Project in implementation phase
<i>Total</i>	37,840	

Proposed by: Jackson Mulwa Member 410

Seconded by: Dr. Shadrack Gatu Member 1655

Reactions to year 2020 and 2021 Budget presentation	Responses(by various Management Committee Members)
<p><u>Bonventure Achonga MMBR04587</u> The strategies to achieve this budget need to be clear. Concern: Nothing came out of the budget.</p>	<p><u>Emily Kilongi</u> For affordable housing, a feasibility study will be undertaken to determine outcome. An engineer is to be appointed to assist with the technical part of projects.</p>
<p><u>Jackson Mulwa MMBR00410</u> How is the budget going to be financed? Is the deferred income actual?</p>	<p><u>Tom Macakiage</u> The budget for 2020 and 2019 is actual. The IFRS15 is part of the budget 2020.</p>
<p><u>Belsheba Nyabwa MMBR00080</u> Wanted clarity on the budget and how it will affect the Zaria project.</p>	<p><u>Peter Gichangi</u> Taking products to the markets when they're ready. Deferred revenue: All parties meet obligation 12 months</p>
<p><u>Jane Nyambura MMBR12441</u> Felt that there should be members on the board who are conversant with accounting standards to advise other members on such matters and their effects. Also felt that there should be an ICPAK member present. Needed clarification on Financial and Professional expenses as seen on Note 7 page 33</p>	<p><u>Judy Runo</u> Supervisory role: Referred to page 17. Gave assurance to members that they have the required competencies</p>
<p><u>Michael Nduati MMBR04774</u> He wasn't confident in the budget allocated under historical issues of KES 100M. It felt too much to him</p>	<p><u>Rosemary Chege</u> Response to financial budgeting: Involved banks. Funding both external and internal operations. SIC will be prudent on how we spend.</p>
<p><u>Joel Odemu MMBR04579</u> What is the budget for rebates for 2021?</p>	<p><u>Peter Gichangi</u> To answer Michael Nduati, he said the business brand is in jeopardy, as well as customer satisfaction and sales pipeline. These need to be tackled urgently to enable things to move forward.</p>
<p><u>Ruth Ngugi MMBR04563</u> Felt budget was rushed and moved to reject the budget and have it amended.</p>	<p><i>Financial system:</i> Microsoft Office 365. It needs no physical equipment to upgrade. It's online. In fact, Dr Shadrack Katuu MMBR01655 had suggested that the budget for the ERP should be more. The upgrade of the member system is because of end of production/support.</p>

<p><u>Francis Kivuti MMBR01027</u> Needed clarity on the budget in layman terms. He also wanted the board to let members know if there would be rebates.</p> <p><u>Anastacia Ngahu MMBR00048</u> Will the percentage cost cutting be implemented? What is the profit target? What is the achievement of this?</p>	<p><i>Laptops:</i> They are in the budget only for replacement of the ones that are problematic. It's not for every member. <i>Vehicle:</i> Current double cabin has been around for 10 years. It got into an accident and the maintenance cost has gotten high. <i>Sales van:</i> This is needed for site visits. Currently, SIC leases vehicles which costs a lot. SIC would be replacing the one present with a more efficient one.</p> <p><u>Rosemary Chege:</u> Forecasted rebates are between 3-5% for 2021 after current loss There will be no % cost cutting implemented but SIC will look into it. There is no set target. SIC will take up the challenge.</p>
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Adoption of accounts

Proposed by: James Gatwa Member 4927

Seconded by: Naomi Zachary Member 3275

Minute 7: Resolutions

Edward Njoroge from CMC presented the resolution items and these was presided over by Catherine Wambua from the department of Co-operatives

Resolution	Proposal/Comment	Ratification
Board member's indemnity	The Board proposes that the General Meeting makes the following resolution pertaining to Board member's indemnity: <i>The General Meeting resolves that the Board members' indemnity be and is hereby retained at KES. 3M per person</i>	<i>Proposer:</i> <i>Dr. Shadrack Gatu</i> <i>Member 1655</i> <i>Seconder:</i> <i>Belsheba Nyabwa</i> <i>Member 80</i>
Borrowing ceiling	The Board proposes that the General Meeting makes the following resolution pertaining to borrowing:	<i>Proposer:</i> <i>Jackson Mulwa</i> <i>Member 410</i>

Resolution	Proposal/Comment	Ratification
	<p><i>The General Meeting resolves that the borrowing ceiling for the Society be and is hereby retained at KES. 2 Billion</i></p>	<p><i>Seconder: Josephine Ndambuki Member 772</i></p>
<p>Approval of charges on property</p>	<p>The Ministry of Industrialization and Entrepreneurship requires that the creation of any charge on the Society's property shall be subject to a special resolution by the General Meeting.</p> <p>This means that a Special General Meeting will have to be convened to provide approval whenever the Society requires to:</p> <ul style="list-style-type: none"> • borrow in order to purchase any property against which a charge will be registered <p>or</p> <ul style="list-style-type: none"> • to borrow against property already owned by the Society <p>The Board proposes that the General Meeting makes the following resolution pertaining to approval of specific borrowing for specific projects:</p> <ul style="list-style-type: none"> - <i>The General Meeting resolves that, in lieu of Special General Meetings on specific borrowing, SIC Board be and is hereby authorized to borrow against properties currently owned by SIC or those to be acquired with a view to subsequent development and/or disposal provided that the total indebtedness of SIC will not exceed the sum of KES. 2 Billion (borrowing limit)</i> 	<p><i>Proposer: Veronica Okello Member 70</i></p> <p><i>Seconder: Esther Waeni Member 4117</i></p>
<p>Treatment of monthly contributions</p>	<p>In order to enhance the Society's operations and to take advantage of investment opportunities for the purposes of</p>	<p><i>Proposer Martin Mulinge</i></p>

Resolution	Proposal/Comment	Ratification
	<p>maximizing returns for the Society's members, the General Meeting proposes:</p> <ul style="list-style-type: none"> • <i>That the minimum individual monthly contribution (KES. 3,000) & group monthly contribution (KES 15,000) be deposited into an Interest Earning Deposit Account.</i> • <i>That any amount above the minimum monthly contribution also be deposited in the Interest Earning Deposit Account unless the contributing member provides explicit instructions that the amount is used to purchase shares from the Society's secondary market.</i> • <i>That the Interest Earning Deposit Account shall pay interest at the Central Bank Reference (CBR) rate + 2.5% per annum. As at 31 January 2020, the CBR rate is 8.5% resulting in an interest rate of 11%.</i> • <i>The monthly contributions shall be held in the Interest Earning Deposit Account for 2 years from 1st March 2020 after which the contributing member shall choose to retain or withdraw the funds in the account for a further 2 years at an interest rate as shall be determined in the General Meeting held that year (2022).</i> <p><i>There were two other proposals from the floor hence a vote was taken</i></p> <p>Proposal 2: Increase contribution from current KES 3000/- to 5000/-. Then have KES 3000/- go into Interest Earning</p>	<p><i>Member 1156</i></p> <p><i>Seconder</i> <i>Esther Muya</i> <i>Member 2045</i></p> <p><i>Below is a breakdown of votes for each proposed option:</i></p> <p><i>Proposal 1: 84 votes</i></p> <p><i>Proposal 2: 3 votes</i></p> <p><i>Proposal 3: 42 Votes</i></p>

Resolution	Proposal/Comment	Ratification
	<p>Deposit & KES 2000/- go into secondary share market trading. <i>Proposer: Odak Odala Member 2422</i> <i>Seconder: Naomi Zachary Member 3235</i></p> <p>Proposal 3: Current status quo where KES 3000/- goes into the secondary share trading market 42 votes <i>Proposer: Johnstone Kamunde Member 693</i> <i>Seconder: Veronica Okello Member 70</i></p>	
<p>Share split</p> <p>i. <i>Adjustments to by-laws to account for share split</i></p>	<p>This is an intermediate measure to be enhanced later through a share trading policy and outcomes from the Ibuka program. In order to increase the liquidity of the shares in the secondary share trading market, <i>The General Meeting resolves:</i></p> <ul style="list-style-type: none"> • <i>To increase the number of shares of the Society by dividing each existing share into ten (10) shares.</i> <p><i>Record date of split</i></p> <ul style="list-style-type: none"> • <i>that the record date for the share split to be 1st April 2020.</i> <p>Subject to approval to split the shares, the General Meeting resolves to authorize the Board to make changes the following and any other share-related thresholds/limits in the Society's by-laws:</p> <ul style="list-style-type: none"> • <i>The number of shares owned by members shall be multiplied by 10 and the share price shall be divided by 10.</i> • <i>The minimum shareholding to qualify for Board Membership be multiplied by 10 to 25,000 shares</i> 	<p><i>Proposer:</i> <i>Vincent Opiyo</i> <i>Member 246</i></p> <p><i>Seconder:</i> <i>Peninah Gikoro</i> <i>Member 2021</i></p>

Resolution	Proposal/Comment	Ratification
	<p>The board to make changes to the following thresholds</p> <ul style="list-style-type: none"> The minimum number of shares to become a member of the Society Minimum number of shares that can be listed for sale in the Secondary market other than by a member exiting the Society 	
Appointment and Remuneration of Auditors	<p>The General Meeting resolves to authorize the Board to appoint and fix the remuneration of the auditor</p> <p>The resolution was adopted following discussion from members and guidance from the department of Co-operatives</p>	<p>Proposer: Odak Odala Member 2422</p> <p>Secunder Caroline Karimi Member 823</p>
Rebates payout	<p>the Board proposes that the General Meeting makes the following resolution pertaining to rebates pay out in order to secure operational liquidity of the Society:</p> <p>The General Meeting resolves</p> <ul style="list-style-type: none"> That the Society shall pay out rebates of up-to a maximum of 60% of available surplus. The balance shall be retained in the Society to meet statutory reserves (20%) as provided for by the by-laws and for general reserves (20%) to fund operations. That the Board may offer special rebates as deemed appropriate with the same being approved at a General Meeting <p>There was one other proposal from the floor hence a vote was taken</p>	<p>Proposer: Dickson Kabugu Member 4984</p> <p>Secunder: John Ojwang' Member 4522</p> <p>Below is a breakdown of votes for each proposed option:</p> <p>Proposal 1: 55 votes</p> <p>Proposal 2: 45 votes</p>

Resolution	Proposal/Comment	Ratification
	2 nd proposal: Allow respective Annual General Meeting determine the rebate distribution Proposer: <i>Vincent Nyagilo Member 3265</i> Seconder: <i>John Cege Member 2942</i>	

Highlights from the Resolutions discussion:

- A member who fails to make monthly contributions for a period of 3 months it is considered dormant
- A member can consider channelling his/her rebates towards monthly contributions for as long he/she gives instructions
- A member can choose to pay for his/her monthly contributions in Lump sum for as long he/she gives instructions
- Minimum monthly contribution for a group/company is*****

Minute 8: Elections

Mr. George Mwangi Njoroge an official from the department of Co-operatives presented Edward Njoroge who was ratified by the members into Central Management Committee. Edward Njoroge was co-opted into CMC during 2019 as 1 position had fallen vacant following suspension of a member from CMC.

Proposed by: Jackson Mulwa Member no. 410

Seconded by: Bonaventure Achonga Member no. 4587

Officials from the department of Co-operatives then presided over elections, led by Mr. George Mwangi Njoroge.

Investor Relations Officer Felix Akuku was given a chance to take members through the electronic voting process that had been adopted in the previous year's AGM.

Voting took place using the electronic voting system.

The outgoing officials were:

- i. Mackrine Abukah- CMC
- ii. Rosemary Chege- CMC
- iii. Rhoda Marimbi- resigned from the CMC in September 2019

iv. Peter Mukera- Supervisory Committee

The nominees to the Central Management Committee were:

- i. Jackson Mulwa
- ii. Michael Akal
- iii. Vincent Opiyo

- Jackson Mulwa, Michael Akal and Vincent Opiyo were elected unopposed to CMC as there were 3 positions vacant against the 3 candidates.

The nominees to the Supervisory Committee were:

- i. Peter Mukera
- ii. Geoffrey Meta

- Peter Mukera and Geoffrey Meta had a tie in the 1st and the 2nd rounds. They had 36 votes each in the 1st round and 18 votes each in the 2nd round.

Below is a schedule of the candidates and their respective proposers, seconders and votes attained.

Candidate	Proposer			Seconder		Number of votes
	Member Name	Member No.		Member Name	Member No.	
Jackson Mulwa	Esther Waeni	4117		Benadette Mutune	154	Elected unopposed
Michael Akal	Simon Namwambah	127		Michael Borino	609	Elected unopposed
Vincent Opiyo	Josephine Ndambuki	772		Veronica Okello	70	Elected unopposed
Supervisory Committee						
Peter Mukera	Alfred Ndirangu	2579		Sally Mwenesi	253	21
Geoffrey Meta	Rosemary Muthoni	1528		Leocardie Ombasa	4644	18

Minute 9: Any other Business (A.O.B.)

Hon. Secretary read the minutes as they had been received:

- Capping of the number of shares to be traded within a certain defined period of time.
- Proposal to increase non-Safaricom employee directors from the current 3 to 4.

These AOB items will be deliberated upon in the next AGM in 2021.

The AGM ended at 1845Hrs with a word of prayer from one of the incoming Management Committee Member, Mike Akal.

	Prepared by:	Approved by:	Signature	Date
Name	Rabecca Bisanju	Peter Gichangi		27 th February, 2020
Designation	Hon. Secretary	Chairman		27 th February, 2020